

**EXHIBIT 111**



## **HIGHLAND CLAIMANT TRUST**

### **PRIVILEGED & CONFIDENTIAL RECOMMENDED DUGABOY NOTE CONTRIBUTION 6.27.24**

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**HIGHLAND CAPITAL  
MANAGEMENT**



## SUMMARY OF BACKGROUND AND RECOMMENDATION

- As has been discussed at several prior meetings, Dugaboy is the Maker and HCMLP is a Payee under a promissory note with a long-dated maturity and annual P&I payments
- The note has a current principal balance of approximately \$18.2 million and has accrued interest of approximately \$0.3 million as of June 30, 2024 and has no restrictions with respect to assignment.
  - The next payment is due December 31, 2024, with \$0.8 million of principal and \$0.6 million of interest due
  - Subsequent payments are due on December 31 of each year - \$0.8 million of principal, plus accrued interest
  - See next slide for amortization schedule
- During 1H 2024, Highland has engaged with numerous parties in an attempt to determine the market for the note and ultimately to assign the note if a willing buyer was prepared to offer reasonable value in exchange
- These efforts (as described in greater detail herein) ultimately proved unsuccessful as neither Dondero parties nor third parties ultimately made any (let alone an attractive) bid for the note
- While the asset lacks a liquid market and carries with it all the stigma and risks associated with its Maker, the note is nevertheless currently performing and has some value
  - However, the time horizon to monetization is long and mismatched with the timing of other remaining assets of HCMLP and the Claimant Trust
- Separately, regarding reserves for indemnification obligations, the Indemnity Trust remains well short of its 9-figure target

[REDACTED]



## AMORTIZATION SCHEDULE – PAYMENTS DUE TO HCMLP UNDER NOTE

Beginning principal owed to HCMLP	18,174,937			
Interest rate (fixed)		3.26%		
WAL (years)		10.48		
<b>Amortization schedule</b>				
	Beg prin	Principal	Interest	End prin
12/31/2023				18,174,937
12/31/2024	18,174,937	(790,215)	(594,126)	17,384,722
12/31/2025	17,384,722	(790,215)	(566,742)	16,594,507
12/31/2026	16,594,507	(790,215)	(540,981)	15,804,293
12/31/2027	15,804,293	(790,215)	(515,220)	15,014,078
12/31/2028	15,014,078	(790,215)	(490,800)	14,223,863
12/31/2029	14,223,863	(790,215)	(463,698)	13,433,649
12/31/2030	13,433,649	(790,215)	(437,937)	12,643,434
12/31/2031	12,643,434	(790,215)	(412,176)	11,853,220
12/31/2032	11,853,220	(790,215)	(387,474)	11,063,005
12/31/2033	11,063,005	(790,215)	(360,654)	10,272,790
12/31/2034	10,272,790	(790,215)	(334,893)	9,482,576
12/31/2035	9,482,576	(790,215)	(309,132)	8,692,361
12/31/2036	8,692,361	(790,215)	(284,147)	7,902,146
12/31/2037	7,902,146	(790,215)	(257,610)	7,111,932
12/31/2038	7,111,932	(790,215)	(231,849)	6,321,717
12/31/2039	6,321,717	(790,215)	(206,088)	5,531,502
12/31/2040	5,531,502	(790,215)	(180,821)	4,741,288
12/31/2041	4,741,288	(790,215)	(154,566)	3,951,073
12/31/2042	3,951,073	(790,215)	(128,805)	3,160,858
12/31/2043	3,160,858	(790,215)	(103,044)	2,370,644
12/31/2044	2,370,644	(790,215)	(77,495)	1,580,429
12/31/2045	1,580,429	(790,215)	(51,522)	790,215
12/31/2046	790,215	(790,215)	(25,761)	(0)
		(18,174,937)	(7,115,540)	
Total Principal & Interest if paid current through maturity				25,290,477



## SUMMARY OF OUTREACH EFFORTS

Potential buyer	Person contacted	Title	Initial date contacted	Information/materials provided	Responses
Riva Ridge Capital Management	Stephen Golden	Founding Partner/PM	2/27/24	Over telephone, discussed information in HCMLP-prepared materials and the opportunity	Asked questions regarding the counter-party; rejected receipt of the materials; no interest at all; "life's too short"; actually laughed; stated that while the note was performing, that was for now; in his view the note was an invitation to litigate
Cyrus Capital Partners	Svetoslav Nikov	Partner/Analyst	2/27/24	Over telephone, discussed information in HCMLP materials and the opportunity	Very quick no; no interest in the materials; believes owning the note is asymmetric risk to the downside – if it pays back, a modest return for the risk; if it defaults, your investors will want to know why you would voluntarily become a creditor to Dondero. Compared the opportunity to the chance to lend money to Phil Falcone. Once again said "life's too short to be a creditor of Dondero"
Carronade Capital Management	Dan Gropper	Managing Partner/CIO	2/23/24	Initial email mentioning note; lunch meeting with Gropper and head of research Andy Taylor on 2/29/24; reviewed materials at lunch meeting	Gropper and Taylor quickly expressed no interest in the note; upside vs. downside skewed (far too much downside); even if the upside was better balanced, the likelihood of litigation over such a small note made the investment unattractive (even if you got costs of collection); asset transfers out of Maker also a concern; Gropper and Taylor did not want to keep the materials
UBS	Nader Attalla	Structured Credit Trading; responsible for day-to-day management of UBS actions against Dondero	2/23/24	Initial email mentioning note; follow-up call and emailing of "teaser"	Two calls in March and early April; he has been too busy to focus on it; troubled by the fact that it does not cross-default with other Dugaboy obligations; while UBS is suing Dondero and Dugaboy on other obligations torts, making this note potentially useful at the right price, UBS ultimately did not have a bid
Bardin Hill Investment Partners	Pratik Desai	Partner/PM	6/7/24	Initial email with "teaser" and requesting follow-up call	30 minute call on June 10, 2024; reviewed teaser with Desai; questions regarding background of note; why it had not been accelerated; payment history; terms; Dugaboy's assets and liabilities; payback period at various discounts; ultimately would require a material discount to 50% soft offer; asked about lending against the note and/or other Claimant Trust assets with material haircuts. Bardin Hill would not be interested in being a direct counterpart to Dondero especially if that was their only recourse; Bardin Hill would consider ways to lend against the note or other assets if the Claimant Trust was in need of \$10-\$20 million of liquidity
NexPoint/affiliates	Matt McGraner & DC Sauter	CIO General Counsel	5/16/24	Email with description of note; Indicated nonbinding offer price of \$12M, subject to approval of Oversight Board	DC Sauter responded via email of 5/22/24 that they were not currently interested in the terms outlined. If the terms change, they would be interested in taking another look. They did not have a bid of their own.



## VALUATION AND DISCLOSURE DISCUSSION

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- [REDACTED]
- [REDACTED]
  - [REDACTED]
  - [REDACTED]
- [REDACTED]
  - [REDACTED]
  - [REDACTED]
  - [REDACTED]
- [REDACTED]
  - [REDACTED]
  - [REDACTED]
  - [REDACTED]
- Based on these and other factors considered, we believe the actual fair value of the note for a non-Dondero-related buyer is approximately **\$3.9** million or **21.5%** of the current par value outstanding
  - [REDACTED]
  - [REDACTED]



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]